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THE KAHN ACT: A CRITICISM.

A law recently enacted at Washington in aid of the Panama-Pacific International Exposition¹ challenges alike the attention of the student of patent, trademark and copyright law and the attention of the manufacturer and business man whose vested interests may have been put in jeopardy by it.

England and Germany had during the summer refused to exhibit; and, among the reasons given, had been the asserted fear of English and German manufacturers that everything exhibited by them would be wantonly copied and appropriated by American manufacturers without leave or license or compensation.

The Act drafted by the friends of the Exposition in this emergency (but apparently without expert supervision on the patent, trademark and copyright side) was treated as an annex to the Tariff Act and was referred to the Ways & Means Committee in the House and to the Finance Committee in the Senate, and not to the Patents Committee of either, and was passed by the House of Representatives on September 11th, by the Senate on September 12th, and was signed by the President on September 18th, 1913.

A brief consideration of the Act and of the situation it creates may perhaps be worth while at this time, for it is certainly a curiosity in legislation.

Section 1 remits temporarily the customs duties on articles imported for exhibition and is not objectionable.

Sections 2 to 6 are apparently intended to secure exhibitors against the copying of what they import and exhibit, provided it was at the time of importation protected in any way under the laws of any foreign country.

To compass this end Sections 2 to 6 in reality create a new species, or rather several new species, of property (for the term of the Exposition and three years after its close) somewhat in the nature of copyright property.

The beneficiary is the proprietor (he may be a citizen of the United States or a foreigner) of the foreign protection, whether that foreign protection be granted by one country or by another and whether by registration, copyright, trademark, patent, or otherwise.

¹Stat. 63rd Congress, 1st Sess. c. 14, popularly known as the Kahn Act.

The nature of the new property is not defined in the Act—either as an exclusive right or otherwise—nor is it required to be evidenced or defined by any governmental grant or patent or registration or by any public record. The nature of the property is defined only in terms of prohibition—like a police regulation or a sumptuary law—as follows:

“It shall be *unlawful* for any person without authority of the proprietor thereof, to *copy, imitate, reproduce, or republish* any pattern, model, design, trade-mark, copyright, or manufactured article protected by the laws of any foreign country by registration, copyright, patent, or otherwise, which shall be imported for exhibition at the Panama-Pacific International Exposition, and there exhibited;”²

And the consequences to “any person who shall infringe the rights protected under this Act” are unusually severe, both civil and criminal—willful copying for profit being made a misdemeanor against society punishable by fine or by imprisonment, or both.

There is only this mention of “the *rights* protected under this Act,” but those rights are not otherwise defined than negatively by the acts that are declared to be unlawful as above.

The rights depend upon the conjunction of three conditions and upon nothing else, namely,

(a) protection of any kind in any foreign country, by registration, copyright, patent or otherwise;

(b) importation for exhibition purposes by the proprietor of such foreign protection; and

(c) subsequent exhibition.

The rights accrue upon the arrival of the goods at the Exposition grounds in San Francisco provided they are subsequently at any time exhibited. These rights extend to and may include *patterns, models, designs, trademarks, copyright, or manufactured articles*. Very diverse forms of property are thus included, namely, trademark, copyright, and patent property.

In the case of a *trademark* appearing on goods imported and exhibited the Act creates a right when trademark protection of any kind has been given by any foreign country, whether based on trade use there, or anywhere, or not, and whether based on trade use in commerce between this country and foreign nations, or in commerce between the States, or not, and the prohibition of the Act is not limited to foreign or to interstate commerce, but extends to all commerce. For example, it would prohibit the copying of

²Italics in quotations throughout are mine.

trademarks for use in commerce wholly within the State of California or wholly within any other State.

Now trade use has always heretofore been fundamental to our ideas and definitions of trademark property, and trade use in this country and in the commerce of this country.

"A trademark can only be enjoyed in connection with a business," says the Supreme Court.³ And again,

"The claimant of the trademark must have been the first to use or employ the same on like articles of production."⁴

The Supreme Court in the *Trade Mark Cases*⁵ held that the trademark statute of 1870, was

"invalid for want of constitutional authority, inasmuch as it was so framed that its provisions were applicable to all commerce, and could not be confined to that which was subject to the control of Congress."⁶

In *Warner v. Searle & Hereth Co.*⁷ the Court was considering the new Trademark Act of 1881, and said:

"Obviously the act was passed in view of the decision that the prior act was unconstitutional, and it is, therefore, strictly limited to lawful commerce with foreign nations and with Indian tribes. It is only the trademark used in such commerce that is admitted to registry, and it can only be infringed when used in that commerce, without right, by another than its owner."

There is no such saving limitation in the Act under discussion and insofar as it includes trademarks it would seem to be as unconstitutional as the Act of 1870.

Moreover, there is no basis in reason for making trademark protection abroad (which presumably is based on trade usage and conditions there) the occasion for exclusive trademark rights here (where trade usage and conditions are in all probability not the same), and indeed the Act does not exclude but on the contrary it might include within its prohibition, trademarks that are already, and may long have been, the vested property of other proprietors

³*Baglin v. Cusenier Co.* (1910) 221 U. S. 580, 597.

⁴*Columbia Mill Co. v. Alcorn* (1893) 150 U. S. 460, 464; *Metcalf v. Hanover Star Milling Co.* (1913) 204 Fed. 211; *Spiegel v. Zuckerman* (1910) 175 Fed. 978, aff'd. (1911) 188 Fed. 63. See also the *Trade Mark Cases* (1879) 100 U. S. 82; *Warner v. Searle & Hereth Co.* (1903) 191 U. S. 195; *Standard Paint Co. v. Trinidad Asphalt Co.* (1910) 220 U. S. 446.

⁵(1879) 100 U. S. 82.

⁶The above quotation is from the opinion of the same court in *Warner v. Searle & Hereth Co.* (1903) 191 U. S. 195, 202.

⁷(1903) 191 U. S. 195, 204.

in this country. When the importing exhibitor actually establishes trademark rights by trade usage in this country he will find our existing common law and statutory law on that subject ample for his protection.

In regard to *copyright* property, the Act creates a right that is not in terms based upon authorship but upon the mere existence of foreign protection followed by importation and exhibition. The prohibition in this regard may, therefore, cover and include what would not have been copyrightable under our Copyright Act. It may cover and include what is already, and long has been, in the public domain in this country, or what has been previously copyrighted by others here and is their vested property.

Under the Constitution, statutory copyright here fundamentally requires authorship as its basis.⁸

In the matter of patterns, models, designs and articles of manufacture, the Act creates a new property, in the nature of *patent* property, but a property that does not proceed upon novelty or upon invention, but, on the contrary, may include what is old and well known, or what is patented and has long been patented to others, or what is in its nature unpatentable here. It is notorious, of course, that the patent laws of almost all foreign countries differ materially from our patent laws, both in fundamental theory and in administration, and that many things are patentable in one or more foreign countries that would not be patentable here. A single illustration is sufficient. Several foreign countries issue patents of importation. That is to say, a pattern, model, design or article which for example is old and well known in this country but has never been introduced into that country, may be patented there by the importer from this country into that. In such case he would be the proprietor of that foreign protection. The present statute would give such proprietor, if he brought that same pattern, model, design or article back into this country and exhibited it at the Exposition, a monopoly here of that pattern, model, design or article for approximately four years, although he was not its inventor and was not its proprietor in this country, and although it was old and well known here and in the public domain or was even patented here to others.

The Supreme Court has recently said⁹ of the patent law that it

⁸*Banks v. Manchester* (1888) 128 U. S. 244; *Lithographic Co. v. Sarany* (1884) 111 U. S. 53; *Holmes v. Hurst* (1899) 174 U. S. 82; *Bobbs-Merrill Co. v. Straus* (1910) 210 U. S. 339, 346.

⁹*Diamond Rubber Co. v. Consol. Tire Co.* (1910) 220 U. S. 428, 436.

"only requires as a condition of its protection that the world be given *something new* and that the world be taught *how to use it*." and again,¹⁰

"The design of the patent laws is to reward those who make *some substantial discovery or invention*, which adds to our knowledge and makes a step in advance in the useful arts. Such inventors are worthy of all favor. It was never the object of those laws to grant a monopoly for every trifling device, every shadow of a shade of an idea, which would naturally and spontaneously occur to any skilled mechanic or operator in the ordinary progress of manufacture."

Early in the formative days of our patent system it was said:

"Invention or discovery is required as the proper foundation of a patent, and, where both are wanting, the applicant cannot legally secure the privilege."¹¹

The Supreme Court in *Continental Paper Bag Co. v. Eastern Paper Bag Co.*¹² has also recently declared:

"The patent law is the execution of a policy having its first expression in the Constitution, * * * it provides for an exclusive right to inventors to make, use and vend their inventions. * * * The inventor could have kept his discovery to himself, but, to induce a disclosure of it Congress has, by its legislation, made in pursuance of the Constitution, guaranteed to him an exclusive right to it for a limited time. * * * *The inventor is one who has discovered something of value.* It is his absolute property. He may withhold the knowledge of it from the public, and he may insist upon all the advantages and benefits which the Statute promises."

And the Court quotes with approval as follows:¹³

"If he [a patentee] will neither use his device nor permit others to use it, he has but suppressed his own. His title is exclusive, *and so clearly within the Constitutional provisions in respect to private property* that he is neither bound to use his discovery himself or permit others to use it."

In *McClurg v. Kingsland*,¹⁴ the Supreme Court early said:

"The powers of Congress to legislate upon the subject of patents is plenary by the terms of the Constitution, and as there are no restraints on its exercise, there can be no limitation of their

¹⁰*Atlantic Works v. Brady* (1882) 107 U. S. 192, 200. See also *Reckendorfer v. Faber* (1875) 92 U. S. 347; *Pennock & Sellers v. Dialogue* (1829) 2 Pet. 1.

¹¹*Clifford, J.*, in *Bray v. Hartshorn* (1860) 1 Cliff. 538, 540.

¹²(1908) 210 U. S. 405, 423-4.

¹³Page 425.

¹⁴(1843) 1 How. 202, 206.

right to modify them at their pleasure, *so that they do not take away the rights of property in existing patents.*"

The power of Congress over inventions is thus limited under the Constitution to securing to *inventors* the exclusive use for a limited term of *their inventions*.¹⁵ But here are monopolies to be secured (whether of *inventions*, or not, and whether to the *inventors*, or their legal representatives or assigns, or not), and to be secured without application, or oath, or examination, or governmental grant or seal, and without specification, or claim, and without notification to the public of any kind as to what the public is prohibited from doing—surely a startling novelty in any patent system and one well calculated to bring any patent system into disrepute. Application, oath, examination, governmental grant under seal in Letters Patent are prescribed in all our patent statutes. Letters Patent are open Letters, open to the public to be read and known. But here are no Letters, open or closed. Here is monopoly without definition, or evidence. Here is prohibition without specification of the thing prohibited. The public may *see* what is exhibited in San Francisco, but how is the public to know whether what it sees is protected in any way in any foreign country, or not, or whether the exhibitor is the proprietor of that foreign protection, or not, or, if protected, what feature of the exhibited article is protected, whether its form, or its ornamentation, or some possible invention lurking within it, or what the extent of that foreign protection is? The Act *permits* re-registration in San Francisco, but does not *require* it, and the rights and the prohibition in no way depend upon re-registration. The climax of absurdity is reached in the absence from the Act of any requirement as to marking the protected articles. The public visiting the Exposition will have no way of knowing which of the exhibited goods come under the Act and which do not.

The Act does not seem therefore to be justifiable under the clause of the Constitution which empowers Congress to secure to authors and inventors for limited terms the exclusive use of their writings and inventions, nor does it seem to be justifiable under the control of Congress over interstate and foreign commerce.

On the contrary, the Act seems to create an aggregation of non-descript monopolies, including subject-matter over which Congress has no constitutional authority, and monopolies that may in effect

¹⁵*Evans v. Eaton* (1818) 3 Wheat. 454, 513; *McClurg v. Kingsland* (1843) 1 How. 202; *Bray v. Hartshorn* (1860) 1 Cliff. 538.

take vested property from one set of individuals and give it to another without due, or any, process of law.

Any law that violates the vested rights of property is doomed to failure.

Mr. Justice Story, speaking of the related matter of taking private property for public use without compensation, said:¹⁶

"This [the constitutional prohibition] is an affirmance of a great doctrine established by the common law for the protection of private property. It is founded in natural equity, and is laid down by jurists as a principle of universal law. Indeed, in a free government, almost all other rights would become utterly worthless if the Government possessed an uncontrollable power over the private fortune of every citizen. One of the fundamental objects of every good government must be the due administration of justice; and how vain it would be to speak of such an administration, when all property is subject to the will or caprice of the legislature, and the rulers."

In *Hepburn v. Griswold*¹⁷ the Supreme Court said:

"Another provision, found in the 5th amendment, must be considered in this connection. We refer to that which ordains that private property shall not be taken for public use without compensation. This provision is kindred in spirit to that which forbids legislation impairing the obligation of contracts; but, unlike that, it is addressed directly and solely to the National Government. It does not, in terms, prohibit legislation which appropriates the private property of one class of citizens to the use of another class; *but if such property cannot be taken for the benefit of all, without compensation, it is difficult to understand* how it can be so taken for the benefit of a part, without violating the spirit of the prohibition."

In *McClurg v. Kingsland*,¹⁸ the Court said:

"This repeal, however, can have no effect to impair the right of property then existing in a patentee, or his assignee, according to the well established principles of this court in 8 Wheat. 493."

It is said that the Act is defended by those who drafted it on the theory that the words of prohibition which it contains, namely, "copy, imitate, reproduce or republish" were intended to mean, and will be held by the courts to mean, only actual copying or imitating, and that only of an original that is itself novel and not itself a copy. And dictionary definitions of the word "copy," as something made to duplicate an original, are quoted. But the word

¹⁶2 Story on the Constitution (5th ed.) 568.

¹⁷(1869) 8 Wall. 603, 623.

¹⁸(1843) 1 How. 202.

"original" in such definitions is a term of relation only. It means original with respect to the particular copy in question. It does not mean original in the sense of novel. A copy may be made of a copy, and in such case the latter is an original with respect to the former. This defense of the Act is not convincing. That great vested property interests should have to hang on an argument that is such a thread of sand (it is not even a rope of sand) is in itself sufficient condemnation of the Act.

Moreover, the argument in defense defines the property by the particular character of the act of trespass upon it, rather than by the inherent nature of the property itself.

The argument too would seem to prove too much and to render the law substantially ineffectual even for the purposes of those who drafted it. For it is to be noted that the copying or imitating in question is a copying or imitating only of the specific articles of manufacture or copyrighted subjects that are imported and exhibited. If later the foreign exhibitor imports similar goods for purposes of sale, and sells them without exhibiting them at the Exposition, those goods may apparently be copied and imitated with impunity, even though they present or embody the same identical pattern, design, trademark, copyright or invention.

Of what avail to forbid copying of the samples, if the goods themselves when they come upon the market can be freely copied.

In summary, I would say the new law seems to include subject-matter over which Congress has no constitutional authority; that it seems to take property from one and bestow it upon another without due process of law; that it is vague and indefinite as to the character of the new property rights that it attempts to create; that it seems to create a monopoly of trademark, copyright and patent property that neither depends upon trade use in the one case, nor upon authorship or inventorship in the other case, and that is foreign to all our fundamental conceptions and definitions of that sort of property and of its basis in right and reason; that it creates a new species of property without governmental grant or control and unevincenced by any public record; that it ignores and disregards the rights of all others than the proprietors in question; and seems to base the latter's rights upon the actual protection—its character and extent—afforded him by the laws of foreign countries under unspecified registrations, copyrights or patents granted by such foreign countries, and thereby would seem to introduce utter confusion and unworkability here.

A law that proposes to imprison must be clear and certain and reasonable, else public opinion will condemn it and the courts will reflect that public opinion and the law will become a dead letter for every purpose.

Any amendment that is undertaken should certainly eliminate all reference to trademarks and to inventions involved in articles of manufacture. As to what would be left (patterns, models, designs and copyright) it should contain an express novelty proviso and a proviso saving the vested property rights of others. It should require (not merely permit) re-registration in this country, and such re-registration should be based upon the protection accorded in the foreign country from which the goods are imported, and the re-registration should include a copy, in full, of the foreign registration upon which it is founded, and conspicuous marking of all articles protected under the Act should be required for the information and protection of the public; and the provisions as to criminal liability should be more carefully hedged about. With such safeguards, the rights granted might well be made more substantial so as to protect identical articles of manufacture subsequently imported for sale without exhibition.

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